

On January 26, 2009, Congresswoman Slaughter and Congressman Baird introduced the Stop Trading on Congressional Knowledge (STOCK) Act, which prohibits, by SEC rule, any members of Congress, Congressional staff, or Executive Agency employee from buying or selling stocks, bonds, or commodities based on nonpublic information they obtain because of their status.

H.R. 682 prohibits, by SEC rule, anyone outside of Congress or the Executive Branch from making investment decisions on nonpublic information received from a Member of Congress, Congressional staff, or Executive Branch employee. The legislation prohibits, by House Rule, Members or staff from disclosing material nonpublic information to individuals or firms if they believe that information will be used to inform stock trading decisions.

H.R. 682 requires Members of Congress and staff (those subject to financial disclosure requirements) to report the purchase, sale, or exchange of any stock, bond, or commodity transaction exceeding \$1,000 within 90 days. Stocks in blind trust or mutual funds would be exempt from reporting. Finally, the legislation requires firms that specialize in “political intelligence” to register with the House and Senate, as lobbying firms are required to do.

On July 10, 2009, Congresswoman Slaughter testified before the House Financial Services Oversight and Investigations Subcommittee on hear entitled “Preventing Unfair Trading by Government Officials.” The hearing examined insider trading by government officials and efforts to prevent unfair trading practices.

The bill has nine cosponsors and was referred to the House Financial Services Committee. No further action has been taken.